

HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2014

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Horned Cattle Fund which comprise the Statement of Financial Position as at March 31, 2014, and the Statement of Operations and Changes in Net Financial Assets and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

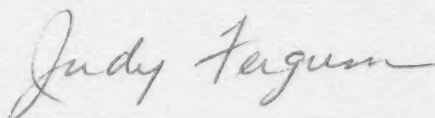
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 2014, and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Judy Ferguson, FCA
Acting Provincial Auditor

Regina, Saskatchewan
June 23, 2014

Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As of March 31

	<u>2014</u>	<u>2013</u>
Financial Assets:		
Due from General Revenue Fund (Note 4)	\$ 53,117	\$ 45,525
Accounts receivable	7,560	34,154
Accrued interest receivable	<u>106</u>	<u>117</u>
	<u>\$ 60,783</u>	<u>\$ 79,796</u>
Liabilities:		
Accounts payable	<u>\$ 2,696</u>	<u>\$ ---</u>
Net financial assets (Statement 2)	<u>\$ 58,087</u>	<u>\$ 79,796</u>

(See accompanying notes to the financial statements)

Statement 2

HORNED CATTLE FUND
STATEMENT OF OPERATIONS AND CHANGE IN NET FINANCIAL ASSETS
Year Ended March 31

	Budget 2014 (Note 7)	Actual 2014	Actual 2013
Revenues			
Deductions	\$ 32,000	\$ 30,237	\$ 28,690
Less: commissions	<u>480</u>	<u>478</u>	<u>436</u>
Net deductions	31,520	29,759	28,254
Interest revenue (Note 4)	<u>700</u>	<u>482</u>	<u>495</u>
Total revenue	<u>32,220</u>	<u>30,241</u>	<u>28,749</u>
Expenses			
Grants	45,500	45,500	37,500
Administration (Note 9)	5,500	5,000	5,000
Advisory committee honoraria and travel	<u>3,200</u>	<u>1,450</u>	<u>1,320</u>
Total expenses	<u>54,200</u>	<u>51,950</u>	<u>43,820</u>
Deficit for the year	<u>\$ (21,980)</u>	(21,709)	(15,071)
Net financial assets, beginning of year		<u>79,796</u>	<u>94,867</u>
Net financial assets, end of year (Statement 1)		<u>\$ 58,087</u>	<u>\$ 79,796</u>

(See accompanying notes to the financial statements)

Statement 3

**HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
Year Ended March 31**

	<u>2014</u>	<u>2013</u>
Cash flows from (used in) operating activities:		
Receipts from deductions	\$ 26,348	\$ 30,183
Receipts from accounts receivable	30,000	---
Interest and other receipts	494	580
Payments to suppliers and Advisory committee	(3,750)	(6,320)
Grant payments	<u>(45,500)</u>	<u>(47,502)</u>
Cash flows from (used in) operating activities	<u>7,592</u>	<u>(23,059)</u>
Net increase (decrease) in cash and cash equivalents	7,592	(23,059)
Due from General Revenue Fund, beginning of year	<u>45,525</u>	<u>68,584</u>
Due from General Revenue Fund, end of year	<u>\$ 53,117</u>	<u>\$ 45,525</u>

(See accompanying notes to the financial statements)

**HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014**

1. Legislative Authority

The Horned Cattle Fund (Fund) continues under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all grant payments from the Fund subject to the approval of the Minister of Agriculture.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers to pay the producers' market price less \$2 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983*, requires dealers to remit the \$2 deducted for each head of cattle less a \$0.03 per head dealer commission to the Fund.

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act), was assented to by the Lieutenant Governor of Saskatchewan. This Act contains amendments to the current legislation. Under these amendments, the deductible amount will increase from \$2 per head to \$10 per head for cattle sold with horns. The increase will be effective when the Act is proclaimed. The Act has not yet been proclaimed.

2. Management's Responsibility

The fund's management is responsible for the reliability and integrity of these financial statements. In discharging its responsibility for the reliability and integrity of these financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

3. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. A statement of change in net debt has not been prepared as information is readily determinable from the other statements. The following accounting policies are considered significant:

a) Revenue:

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants:

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds:

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.

4. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2013-2014 is 1.02% (2012-13 – 1.09%).

5. Commitments

At year-end, the Fund's Advisory Committee approved future grant expenditures totalling \$28,500 (2013 - \$37,500) for future projects. Included in this amount is:

	<u>2014</u>	<u>2013</u>
Canadian Western Agribition	5,000	-
Semiarid Prairie Agricultural Research Centre	6,000	-
Saskatchewan Society for the Prevention of Cruelty to Animals	-	5,000
Saskatchewan Stock Growers Association	10,000	20,000
Prairie Conservation Action Plan	7,500	7,500
University of Saskatchewan	-	5,000

6. Swift Current Project

The Swift Current Project was established under an agreement with Agriculture and Agri-Food Canada. This agreement terminated on October 31, 2013. Under the agreement, Agriculture and Agri-Food Canada carried out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Semiarid Prairie Agricultural Research Centre (Centre). The Centre used proceeds from the sale of cattle to pay for purchasing new beef cattle, feed, and care of the cattle that it used in its research. Upon termination of the agreement, the Centre has repaid \$30,000 to the Fund and the remaining assets will revert to Agriculture and Agri-Food Canada.

All activities related to the cattle are those of the Centre and are not shown in these financial statements.

7. Budget

The Advisory Committee approved the 2013-14 budget on January 22, 2013.

8. Financial Instruments

Accounts receivable, accrued interest receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is not exposed to significant credit risk from the non-payment of accounts receivable due to the immaterial value of the receivables.

9. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of \$3,750 (2013 - \$5,000). With the discontinuation of the Livestock Services Revolving Fund, effective January 1, 2014 Livestock Services of Saskatchewan Corporation, an unrelated non-profit entity, provides administrative services to the Fund. The fee paid to Livestock Services of Saskatchewan Corporation for administrative services for the final three months of the fiscal year was \$1,250.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

HORNED CATTLE FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	<u>2014</u>	<u>2013</u>
Personal Services:		
Advisory member costs	\$ <u>1,446</u>	\$ <u>1,082</u>
Grants:		
Prairie Conservation Action Plan Office	7,500	7,500
Saskatchewan Stock Growers Association	20,000	20,000
Saskatchewan Society for the Prevention of Cruelty to Animals	5,000	---
University of Saskatchewan	5,000	---
Canadian Western Agribition	<u>8,000</u>	<u>10,000</u>
	<u>45,500</u>	<u>37,500</u>
Supplier Payments:		
Payees under \$50,000	<u>5,004</u>	<u>5,238</u>
	<u>5,004</u>	<u>5,238</u>
	<u>\$ 51,950</u>	<u>\$ 43,820</u>